

TEACHERS' RETIREMENT BOARD

HEALTH BENEFITS COMMITTEE

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SUBJECT: Approval of Minutes of June 8, 2000 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

MEETING DATE: July 13, 2000

INFORMATION: \_\_\_\_\_

PRESENTER: Chairperson

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Please see the attached minutes of the June 8, 2000, Health Benefits Committee meeting.

PROPOSED  
MINUTES OF THE  
HEALTH BENEFITS COMMITTEE  
OF THE  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
THURSDAY, JUNE 8, 2000  
THIRD FLOOR, ROBYN D. MILLER BOARD ROOM #305  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CA 95826

**COMMITTEE MEMBERS PRESENT**

Kathleen Connell, Chairperson  
Yvonne Gallegos Bodle  
Gary Lynes  
Marty Mathiesen  
Lillian Raffel  
Emma Zink  
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides  
Annette Porini, representing the Director of Finance, B. Timothy Gage

**STAFF PRESENT**

James D. Mosman, Chief Executive Officer  
Christopher Waddell, Chief Counsel  
Ed Derman, DCEO, External Affairs and Program Development Branch  
Michael Carter, DCEO, Client Benefits and Services Branch  
Peggy Plett, DCEO, Administration Branch  
Laurence Martin, DCEO, Information and Financial Systems Branch  
Nancy Hollins, Health Benefits Manager  
Annette Wimmer, Health Care Consultant  
Mary Miles, Administrative Assistant

**OTHERS PRESENT**

Robert Blum, William M. Mercer Inc.  
Kathy Vaughn, DPA  
Ann McWherter, DPA  
Anne Stupey, CFT  
Al Reyes, UTLA  
Norman Gould, CRTA  
Steve DePue, CTA  
Dorothy Moser, UTLA -R  
Michael Green, CTA  
Ellen Logue, CTA-R  
David Seiler, Delta Dental  
Pat Geyer, CRTA  
Carolyn Harvon-Kaloe  
Harold Taylor, CRTA  
Elizabeth Mackenzie, CRTA  
Donald Douglas, CTA-R

Beverly Carlson, CTA  
Loretta Toggenburger, UTLA

A quorum now being present, Chairperson Connell called the meeting to order at 9:05 a.m.

**II. APPROVAL OF MINUTES OF MAY 4, 2000 MEETING**

MOTION duly made by Mr. Mathiesen, seconded by Ms. Porini, and carried to approve the minutes of May 4, 2000.

**III. ANNOUNCEMENTS**

Chairperson Connell announced staff will schedule the next Task Force Meeting so it does not conflict with the Teachers' Retirement Board and committee meetings.

**IV. MEDICARE PART A BENEFIT ELIGIBILITY PROPOSAL - TRACK A**

Ms. Wimmer presented this item and discussed how the benefit would apply to current and future retirees.

MOTION duly made by Ms. DuCray-Morrill, seconded by Ms. Raffel and carried to recommend that the Board: fund Medicare Part A Premiums for all current retirees, regardless of age; fund Medicare Part A Penalty; fund Medicare Part B Penalty subject to congressional relief; and to require all existing school districts conduct the Medicare Part A Election. Ms. Porini abstained.

Ms. DuCray-Morrill suggested that the Committee annually review this benefit.

**V. HEALTH BENEFITS FUNDING MECHANISM (Item 6)**

(This item was taken out of order.)

Mr. Derman explained three different approaches to funding the proposed health benefits. Mr. Blum, representing William M Mercer, Inc., provided additional information on the by-pass mechanism (intercept approach).

MOTION duly made by Ms. Zink, seconded by Dr. Bodle, and carried to recommend to the Board to approve the creation of a bypass mechanism for funding Medicare Part A or any health benefit not yet defined, and that any excess funds would revert back to the regular retirement fund and not to the employer. Ms. Porini abstained.

Ms. Moser, UTLA-R, requested that the legislation include language that this Medicare Part A benefit include a sunset date and that the excess funds revert back into the regular retirement fund.

**VI. MEDICARE SUPPLEMENT PROGRAM REQUEST FOR PROPOSAL - TRACK A-1 (Item 5)**

Ms. Wimmer presented a draft Request for Proposal (RFP) to insurance companies and health plans for a potential Medicare Supplement Program. Discussion ensued regarding issuing an RFP as opposed to a Request for Information (RFI).

MOTION duly made by Ms. Zink, seconded by Dr. Bodle, to send out the Request for Proposal based on the seven guiding principles presented by staff, and to include a requirement that only those participating in the RFP be eligible to be included in the pool for the final contract. ROLL CALL: Drs. Bodle and Connell, Mss. Raffel and Zink, and Messrs. Lynes and Mathiesen voted yes. Ms. DuCray-Morrill and Ms. Porini abstained. Motion carries.

**VII. TASK FORCE UPDATE (Item 9)**

(This item was taken out of order.)

Chairperson Connell provided an update of the May 4 and June 7, 2000 Task Force meetings. Chairperson Connell stated that the Task Force was concerned that Senator Johnston's bill did not contain language to fund continued development or implementation of a full health care benefits program.

Staff was directed to provide written analysis to increase funding for health benefit plan development in the amount of up to \$1 million to cover expenses in calendar year 2001. Staff was also directed to seek a legislative vehicle for this funding and report back in July to the Committee.

**VIII. PRESCRIPTION DRUG PROGRAM / TRACK D (Item 7)**

This item was deferred to July.

**IX. CALPERS/CALSTRS CALLABORATION / TRACK C**

Mr. Mosman reported that a number of amendments have been made to the PEMHCA language as it continues to move through the legislative process. Ms. Zink reported that a Direct Contracting Workshop would be held on June 20 at CalPERS from 9 to 12:30 p.m. Ms. Wimmer reported that attitudinal surveys would be distributed to the leaders of 300 school districts, 1,500 CalSTRS active members, and 1,500 classified CalPERS active members.

Ms. Carlson, CTA, offered to expedite survey responses sent to district CTA leaders. Chairperson Connell asked support from all employee organizations in encouraging school districts to complete the survey in a timely manner.

Chairperson Connell announced the next Task Force meeting would be held on Tuesday, July 11.

**X. DRAFT AGENDA FOR THE JULY HEALTH BENEFITS COMMITTEE MEETING**

This item was not heard.

**XI. OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no public comments.

**XII. ADJOURNMENT**

Chairperson Connell adjourned the meeting at 11:15 a.m.

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James D. Mosman, Chief Executive Officer  
Secretary to the Teachers' Retirement Board

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Kathleen Connell, Chairperson